

Announcement of budget cuts
2p.m., Friday, February 5, 2010

- January Collections confirmed what we have known for months – Mississippi faces a serious revenue problem for FY 10
- January revenue missed expectations by \$40.5 million (11.16%)
- 17th consecutive month of revenue below expectations
- 14th consecutive month where less money was collected than in previous year
- Year-to-date, collections down 8.53% (YTD Total \$223.6 M)
- Revised projection of the FY10 shortfall is now even worse than it was for last round of cuts
- If revenues continue to come in at 8.53%, total shortfall will be \$458.5 million, including EEF (previously \$437.5 M)
- That is \$21 million more than previous estimate (\$437.5 M)
- This still may be too optimistic; DFA's other estimation models project shortfalls well above half a billion dollars
- The House chose not to give me authority to make discretionary reductions up to 10%, so today I am forced to order an additional round of across-the-board cuts

- Today, I'm ordering reductions of \$21 million to comply with constitutional obligation to balance the budget.
- Total cuts to FY 2010 budget - \$458.5 million (8.664%)
- Today's cuts also reflect adjustments that were necessary because the Supreme Court ordered that it could not be cut further
- As before, spending on the Legislature is not being reduced at all, because the Legislature has exempted itself from cuts.
- Key cuts, this round:

- MAEP

o	Today's Cut:	\$9.75 M
o	Previous Cut:	\$169.65 M
o	Total Cut:	\$179.4 M

- IHL

o	Today's Cut:	\$3.1M
o	Previous Cut:	\$53.9 M
o	Total Cut:	\$57 M

- CJC

o	Today's Cut:	\$1.2 M
o	Previous Cut:	\$20.5 M

o Total Cut: \$21.7 M

- Corrections

- o Today's Cut: \$1.6 M

- o Previous Cut: \$27.9 M

- o Total Cut: \$29.5M

- Hope this is enough for the current fiscal year, but no guarantees
- Lump sum and Personnel Board
 - The Senate has voted to give agency directors lump sum budget authority, and freedom from personnel board restrictions
 - This freedom critical for absorbing the deep budgetary reductions agencies face
 - Call on House to pass SB2775 immediately
 - Time is of the essence; failure to act quickly leaves agency directors' hands tied while facing serious funding sources
- Reiterate need to make Rainy Day Fund last three more years
- Senate voted today to restore only \$4 million to corrections; the House has voted to restore none of corrections' cuts
 - Because of this, corrections faces a \$25.5-29.5 million cut, which may force Commissioner Epps to release thousands of prisoners

- Governor's discretionary stimulus funds
 - Set-aside for administration, accountability, monitoring, transparency, about 2% of total
 - Must preserve the flexibility to fill budget holes